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Announcement of Business Historical Society Fellowship Awards

The President and Fellows of Harvard University, meeting on February 2, 1948, voted to award Fellowships in Business History to Mr. Joe B. Frantz of the University of Texas and to Mr. Vincent P. Carosso of the University of California. Each award carries a stipend of \$2,500, enabling the recipient to spend twelve months of study and research at the Harvard Graduate School of Business Administration.

These Fellowships are designed to help prepare mature students for teaching American business history. They are being granted this year for the first time and are indications of an increasing recognition that business has played a vital part in shaping American culture. The Business Historical Society sponsored one of the Fellowships; the other was sponsored anonymously.

Both winners of the award will have received their degrees of Doctor of Philosophy before beginning work under the Fellowship arrangement. Mr. Frantz has written his dissertation on the life of Gail Borden, Jr., a pioneer in the condensed milk industry. Mr. Carosso has specialized in the early history of the wine industry in California. Both men are now teaching at their respective universities. They will begin their year of study at the Harvard Business School next September.

Manufacturer's Drummer, 1832

The drummer's rôle in American merchandising prior to the Civil War has already been pointed up in a number of articles in this BULLETIN.¹ To the picture already presented may be added detail taken from reports on trips, to the area west of the Alleghenies, made by two sales representatives of a Connecticut *manufacturer* in the 1830's and the 1850's. The present article is devoted to the circumstances of the sales trips made in the 1830's. The traveler's letters cast light on the prevalence of eastern buying trips by merchants, the similar prevalence of long-established ties between western merchants and jobbers or other merchants in the eastern cities, also the further difficulties which a salesman encountered when freight and postal services were highly uncertain and banking facilities permitted eastward remittances to be made only with difficulty.

Early in the year 1832 Lamson Scovill, senior partner in a Connecticut button and brass manufacturing firm, visited Baltimore, Philadelphia, and New York in anticipation of the spring visit of "country merchants" from the West and the South. He followed his usual practice of calling on his sales agents, on the jobbers who bought from these agents, on merchant tailors who used gilt brass buttons, and on the manufacturers who used brass.² From Balti-

AUTHOR'S NOTE. A grant from the Princeton University Committee on Research has been of assistance in final preparation of material for this article.

¹ Lee M. Friedman, "The Drummer and Early American Merchandise Distribution," vol. xxi, no. 2 (April, 1947), pp. 39-44; Lewis E. Atherton, "Precursors of the Commercial Drummer in the Old South," vol. xxi, no. 1 (February, 1947), pp. 17-24; and Lewis E. Atherton, "Itinerant Merchandising in the Ante-bellum South," vol. xix, no. 2 (April, 1945), pp. 35-59.

² Background with respect to middlemen in brass and button merchandising was presented in an article by the writer, "Commission Agents in the Brass and Button Trade a Century Ago," *Bulletin of the Business Historical Society*, vol. xvi, no. 1 (February, 1942), pp. 8-18.

The general pattern and organization of merchandising in this period is reviewed in Fred M. Jones, "Middlemen in the Domestic Commerce of the United States, 1800-1860," *Illinois Studies in the Social Sciences*, vol. xxi, no. 3 (May 25, 1937); also in Lewis E. Atherton, "The Pioneer Merchant in Mid-America," *The University of Missouri Studies*, vol. xiv, no. 2 (April 1, 1939).

more Scovill wrote, in January, that purchasers were asking for a greater discount from list price, and he feared the 15 per cent discount might have to be raised to 20 per cent. In March he complained: "The business has been brought down to a complete tin peddling, jockeying concern and an honorable and fair competition is out of the question."³ In April he wrote home that a competitor had indicated an intention to reduce wage rates, and the following day he advised his brother in Connecticut to reduce their own labor force. The most favorable aspect in the business outlook in the late spring may have been the retention of the prevailing tariff on sheet brass by means of a supplementary bill directing the Secretary of the Treasury to classify sheet brass as a manufactured product.⁴ Sales in the first half of 1832 were not significantly exceeding those for the first half of 1831, and in several cities they were lagging behind. General business activity was falling short of that for 1831.⁵ There was only a faltering upward movement in the prices of non-ferrous metals and their products, with the prices of imported goods lagging behind or even declining; the prevailing prices of imported goods were crucial to Scovill inasmuch as he generally set his own prices with reference to them.⁶

In the face of such uncertainties Scovill sought a larger share of whatever sales were to be made. Through Curtis and Hand, his Philadelphia agents, he made contact with a manufacturer of gas

³ J. M. L. Scovill to W. H. Scovill, March 6, 1832. Correspondence herein cited is from the archives of the Scovill Manufacturing Company. Acknowledgments are due the Executive Offices for facilitating examination of the documents. A more general picture with respect to the Scovill activities is presented by the writer in "Brass Button Making, 1802-1852, The Early History of the Scovill Enterprise," *Quarterly Bulletin of the National Button Society*, vol. v, no. 1 (January, 1946).

⁴ Joseph Anderson, editor, *The Town and City of Waterbury, Connecticut* (New Haven, 1896, 3 vols.), vol. ii, p. 323.

⁵ An index of domestic trade for this early period (1837=100) has been computed and shows a drop from 109 for 1831 to 103 for 1832. See Walter B. Smith and Arthur H. Cole, *Fluctuations in American Business 1790-1860* (Cambridge, 1935), p. 73.

⁶ The Philadelphia prices of non-ferrous metals and their products, as computed in recent years, are shown to have maintained the December, 1831, level during most of 1832; the low point for the year was reached in April at the time of Scovill's discouraged letter to his brother. See Anne Bezanson, Robert D. Gray and Miriam Hussey, *Wholesale Prices in Philadelphia, 1784-1861* (Philadelphia, 1936), p. 380.

lamps, who decided to use Scovill silver plate in lieu of platinum for his jets and to use Scovill brass for the other parts of the gas lamp fixture. While calling on the users of metal Scovill heard complaints and criticisms. Special requests could also be heeded. On an earlier occasion a fender-maker had pointed out that he would be using the brass ordered for a fender for General Jackson. Even as an ardent Whig, Scovill realized that a usual piece of metal would not do and he wrote home that this piece must be perfect.⁷ The calls on customers also were important because the requests and complaints brought constructive suggestions as to product improvement or new products.⁸ The greater part of Scovill sales in the 1830's were made through the sales agent, and Scovill's efforts were often exerted to assist the agent in making such sales on which commissions were paid the agent either at the full 5 per cent rate, or at least at 2 per cent in cases of direct shipment to customers.

A few years earlier a drummer had been hired to push sales in New York City, on a salary paid by Scovill, with all sales passing through the New York agent and subject, similarly, to a commission due that agent. This practice placed a burden on the manufacturer which he believed the merchant should bear. The Philadelphia agency, for example, was shifted a number of times before satisfactory arrangements were made with a commission merchant who was willing to push sales. The hardware firm of Curtis & Hand, which held the agency in 1832, was at that time employing a man who, Scovill observed, was constantly in the market driving the business. Curtis & Hand did not have many dealings with country merchants, however;

⁷ The value of such contacts as a means of maintaining a hold on customer business is discussed by the writer in "Imperfect Competition in Brass Manufacturing during the 1830's," *Journal of Economic History*, vol. iii, *Supplement* (December, 1943), pp. 33-37.

⁸ This aspect of customer initiative was suggested with respect to the service of sales agents as intermediaries in the writer's "Commission Agents in the Button and Brass Trade a Century Ago," p. 14.

The advantage which early Connecticut Yankees may have gained in this way from peddling their own wares could, perhaps, be emphasized more than has been done so far. It is indirectly suggested in Richardson Wright, *Hawkers and Walkers in Early America* (Philadelphia, 1927), p. 23, and in Atherton's citation from that volume, concerning Collis P. Huntington's employment by Connecticut clockmakers "peddling clocks and collecting notes for Connecticut clock makers. . . ." See his "Itinerant Merchandising in the Ante-bellum South," p. 43.

this trade passed through Handy Symington & Bird, jobbers who were furnished buttons by the agents. Later in the year Scovill persuaded Curtis & Hand to coöperate in the setting up of a subsidiary sales agency on Market Street, with the hope that this firm could take some of the business from a man named Spackman, who was said to be selling competitors' buttons to the country trade.

In the course of the spring season of 1832 Scovill witnessed the usual influx of country merchants who came by stage to Philadelphia and the other seaboard markets. In the shops, hotels, and taverns Scovill met these men and chatted with them. He learned of the rising trade of Pittsburgh, Wheeling, Cincinnati, and Louisville; of the rising metal and glass manufactures with which brass parts could be used. The western merchants purchased goods made by other Connecticut manufacturers and purchased imported items both from the jobbers and at auction.

There were also direct ways of establishing contact with country merchants which might offer greater profits. As early as 1820 Scovill had thought of going to Cincinnati himself for the purpose of pushing sales directly, but the trip did not materialize. Western sales had, however, long been made through peddlers. In 1828 two peddlers had been hired on salary to carry an assortment of buttons, as well as whiplashes and thread which Scovill had received in barter, to northern Ohio. They reported inability to sell for cash and procured 395 gallons of whiskey and a half-dozen horses in barter. A part of the buttons, which could not be sold for even half the price that had been expected, were returned to Albany. The peddlers brought the horses back east; also the whiskey, although some of this was mysteriously lost in transit!

* * *

Scovill's plans for the 1832 sales trip, as they evolved, called for something quite different from the peddling venture of 1828. The traveler was to carry only a sample card, was to take orders according to sample, and was to have goods shipped by freight. He was to sell only to wholesalers and for cash, with credit extended only to those known to be "good risks" and in a position to pay cash which could be remitted to Connecticut. He was to call on wholesalers, including those who were already purchasing competitors' products in the

seaboard markets, and in this way it was hoped customers would be weaned away from competing manufacturers. He was also to go to the manufacturers and artisans in the midwest centers and help develop new uses for sheet brass and silver-plated metal. These appear, from the correspondence, to have been some of the hopes and intentions.

The cities to be visited included Pittsburgh, Wheeling, Cincinnati, Louisville, and intermediate points. The entire distance was over two thousand miles, with travel by stagecoach and river boat. An energetic and vigorous young man was needed, and Scovill did in fact succeed in selecting a man who found the two-and-one-half-day stage trip from Philadelphia to Pittsburgh a pleasant and enjoyable journey. This salesman, Merit Welton, completed the circuit in ten weeks. He made additional trips in November, 1832, in 1833, and in 1834.

The expense of the trip was not justified by sales made in the western cities. Total sales on the first trip were not over several thousand dollars, and were less than a fifth of the annual sales in the Philadelphia market alone. On one occasion Welton acknowledged disconsolately a letter from his employer that had been designed to cheer him, with the observation that perhaps Scovill's modest hopes would at least be realized, viz., that the postage bill would not overbalance the orders obtained! The fact that Scovill was ready to send Welton back after the first trip, on either salary or commission according to his own preference, suggests that the first trial was not a failure.

The manufacturer had conceived of the trip as a means of *increasing business* in the face of a threat of dull times and in the face of competition in the seaboard markets. Failing the primary goal, his unyielding optimism, such as is necessary to carry through almost any developmental venture, was turned to the other values gained from the tour. Welton had called on the merchants, and possibly his personal visit gave them added interest in, or goodwill towards, the Scovill business. He certainly publicized the Scovill name. He showed local merchants his sample cards, which included dress buttons and also such items as coachmen's buttons, steamboat buttons, and firemen's buttons. He took brass samples to the local artisans or manufacturers who used metal; he claimed to have shown some who were not using sheet brass that it would be to their advantage to do

so. He had framed pictures of the Scovill factory hung in the principal hotels. He sought out undeveloped markets. Upon observing that the members of the Cincinnati Fire Department were not uniformed he arranged to send a set of fireman's buttons to George Neff, described as "President" of the fire department. At Pittsburgh he called on the fire "captains."

Welton tried to estimate the total sales of buttons that were being made in the various western cities, to indicate which were the most promising wholesale centers and which firms were most likely to expand or to be good credit risks. Louisville, Cincinnati, and Pittsburgh appeared to him as the chief centers, in that order. Welton commented: "These three towns I think from all I have seen and can learn will be good places of trade for buttons and Brass." In fact these communities grew at a very rapid rate during the following years, bearing out Welton's anticipation. The population of these three cities was almost doubled between 1830 and 1840, whereas that for the nation increased by only one-third. Their rise to commercial preëminence as entrepôts was possibly even greater than suggested by the data on population.⁹

Welton's first stop was at Pittsburgh. He traveled to Pittsburgh from Philadelphia on a line of stages that operated four or five stages daily and offered passage for twenty-one dollars.¹⁰ He left Philadelphia on Thursday at three o'clock in the afternoon and he arrived in Pittsburgh at three Sunday morning. The western half of the stage line, from Chambersburg to Pittsburgh, was owned by Colonel Reesides of Philadelphia, a friend of Lamson Scovill, and through him Welton had obtained introductions to a number of Pittsburgh merchants. Although Welton did in fact use the Colonel's letters of introduction, he later reported that most of the merchants seemed to treat him as an old friend because of their acquaintance with

⁹ Letter of Merit Welton, July 12, 1832. The ten-year population growth of these three cities is drawn from *Sixteenth Census of the U. S., 1940, Population* (Washington, 1943), vol. i, p. 32. For Pittsburgh and Louisville the ten-year increase was more than 100 per cent; for Cincinnati it was slightly over 90 per cent. The rôle of Cincinnati as entrepôt, as well as its later loss of leadership, is placed in perspective by N. S. B. Gras in *An Introduction to Economic History* (New York, 1922), p. 293.

¹⁰ Welton reported on the cost and travel time but not on the number of stages daily, which is here cited from Sarah Hutchins, *History of Pittsburgh* (Pittsburgh, 1906). The schedule in 1835 provided daily stages and two daily canal packets.

Lamson Scovill, whom they had met when they visited Philadelphia!

Welton's first impression of Pittsburgh was that it was a "lively place," and after he had called on the merchants he suggested optimistically that ten thousand dollars' worth of business might be done there in a year. He thought that it would offer four times the business of Wheeling. Welton called on Bell of Wm. Bell & Company, wholesale dry goods merchants, and he was then introduced by Edwards, Bell's associate, to the principal hardware merchants. From the postmaster, to whom he had a letter from Colonel Reesides, Welton obtained a list of the houses that might carry brass or buttons and the manufacturers who might use brass.

Among the many houses mentioned by Welton were J. B. McFadden, who kept a military store, Logan & Kennedy and Darlington & Peebles, hardware merchants, and one Sheriff, a brass founder. McFadden was interested in having a Pennsylvania Infantry button made up. His connection with Scovill led eventually to his representing the firm as sales agent in Pittsburgh and he may be presumed to have expanded his activity to general merchandising, for he was listed, and advertised, in an 1837 directory as "auctioneer and commission merchant."¹¹ Welton's comment on the firm of Logan & Kennedy, to which he made sales, is of interest since this firm continued subsequently as a hardware jobbing house and survives today as the Logan Gregg Hardware Company. Samuel P. Darlington was mentioned as a wholesale hardware merchant and Darlington & Peebles was characterized as a wholesale and retail establishment in which Samuel Darlington's father was a partner. Welton thought the Darlingtons might take a thousand dollars' worth of metal per year if they were satisfied with what they received and used it in place of English metal. Mention of J. B. Sheriff, brass founder, is of interest in terms of successor enterprises because this was succeeded in 1898 by the Tranter Davison Manufacturing Company and in 1903 by the Tranter Manufacturing Company.¹² William Bell, of the dry goods firm and through whom Welton had been introduced to the

¹¹ *Harris' Pittsburgh Business Directory, 1837* (Pittsburgh, 1837). It is surprising, in view of the general prejudice which the merchants are reputed to have held against sales through auction, that buttons should have been placed on consignment with a commission merchant who was also an active auctioneer!

¹² Information on the sequence of firms succeeding those Welton noted is from H. W. Correll, *Pioneer Pittsburgh Concerns* (Pittsburgh, 1929).

Pittsburgh trade, agreed to receive the freight shipments from Waterbury and to deliver parcels to the various customers such as those who have just been mentioned.

In the light of subsequent developments Welton appears to have been conservative in his estimate of Pittsburgh's commercial promise. The growing manufactures of iron, nails, and glass, and Pittsburgh's position as a distributing center, were acclaimed at the Warren Canal Convention just a year later.¹³ The importance of Pittsburgh as a potential distributing center for gilt buttons and brass is suggested by a tally of business houses enumerated and described in the 1837 directory.¹⁴ There were twenty wholesale dry goods houses, twenty "commission merchants," and five wholesale hardware merchants. In addition there was by that time increased activity in glass manufacturing which Welton wholly overlooked; the glass manufacturers needed metal tops for salt shakers as well as for ink and sand wells (the sand served as a blotter), and this business was later developed in Pittsburgh.

Wheeling was the next stop. This community was still a village and was to wait another four years before receiving a city charter from the Virginia legislature. Location at the juncture of the Ohio River and the national road was presumably the city's chief asset, but Welton was obliged to take the stage from Pittsburgh because of the low water in the river. One of his letters contains the statement that this water was navigable only for boats with a one- to two-foot draught. Welton observed that Wheeling was a "very noted and central public place," but he commented on the undeveloped state of its wholesale trade. He arranged for the forwarding of freight shipments that would come there via Baltimore for western markets, the firm of Knox & McKee, freight forwarders, undertaking to forward such freight.¹⁵ Welton thought of Wheeling primarily as a for-

¹³ This is cited from the proceedings of the convention by Louis C. Hunter in "Influence of the Market upon Technique in the Iron Industry of Western Pennsylvania up to 1860," *Journal of Economic and Business History*, vol. i, no. 2 (February, 1929), p. 266.

¹⁴ *Harris' Pittsburgh Directory*, *passim*.

¹⁵ Lane, Knox & McKee was engaged in forwarding prior to 1818. Presumably it was this firm to which Knox & McKee traced its origin. After 1818 the earlier firm opened a commission business which included drugs of Temple & Smith, Philadelphia. Atherton, in *The Pioneer Merchant in Mid-America*, p. 77, cites from a Temple and Smith letter book. By 1837 a firm called M'Kee.

warding point. His comments do not reveal any perception of the industrial future of that community — this despite the fact that glass, woolen, and leather works were in operation at that time and that a new and pretentious iron works was being erected which was designed to utilize local coal resources in further fabrication of pig iron from Pittsburgh.¹⁶

Cincinnati was reached by boat after stops at a number of intermediate points. Welton wrote that this was a large and busy city, a place where much trade ought to be done. He was impressed by the number of wholesale houses and by the manufactures. His first call was on Robert (?) Brown, who had been holding a shipment of Scovill buttons sent to New Orleans, then Louisville, and finally Cincinnati, some years earlier for the account of one C. Kirtland who planned to peddle the buttons. Kirtland's venture had failed and meanwhile the buttons had been ruined by the unusually damaging flood in February of that year.¹⁷ Welton's first business was to have the damaged buttons sold at auction for a mere fraction of their list price. His description of their badly blackened condition suggests that auction sale, in this case, could hardly antagonize any of the regular dealers whom he then undertook to visit!

The rather general picture which Welton presented may be filled out by data from the *Cincinnati Directory* for 1831, one year before Welton's arrival. This directory tallied fourteen hardware merchants, four copper-plate printers, and nine brass founders. It was also reported that in 1830 a total of \$450,000 worth of hardware of various kinds was brought into the city. In addition there were dry goods and queensware merchants and local merchant tailors to whom buttons could be sold. There were also nine hotels, and comment indicated that Welton was just one among many transients. In addition to the population of 24,148 shown for 1829, the editors pointed

Harding & Co., of Wheeling, placed an advertisement as general forwarding and commission merchants in *Harris' Pittsburgh Directory*.

¹⁶ Earl Chapin May, *Principio to Wheeling* (New York, 1945), p. 100. Perhaps Welton just wasn't much impressed.

¹⁷ Damage by flood was a normal loss at Cincinnati, but in 1832 the river reached 38.2 feet following a heavy fall of rain upon an extensive frozen surface. William H. Harrison, "A Discourse on the Aborigines of the Valley of the Ohio," *Transactions of the Ohio Historical and Philosophical Society*, Part Second, vol. i, p. 226. Also Frederick Way, Jr., *The Allegheny* (New York, 1942), p. 205.

out that there was "constantly in the city, a transient population, consisting of travelers, rivermen, &c, &c of about 1,500." This directory contained also some observations on the state of the money market. After referring to the prevalence of interest rates of from 1 to 3 per cent a month the editors added, perhaps hopefully: "The high rates at which money may be invested at interest, are gradually attracting the notice of eastern capitalists, to the great profit of our citizens and all concerned."¹⁸

Welton wrote in detail of the large quantities of sheet brass or sheet copper that could be used and of the general practice of using English sheet metal. He forwarded metal orders from the Cincinnati Type Foundry, S. W. Phelps & Son, John Sykes, Wm. Robson, and Thos. Lawson & Sons. No explicit mention was made, however, of shipbuilders' use of sheet metal. He also forwarded button orders from Crane Beach & Co., Davis Bentley, Charles Levi & Co., and a good many other houses. Arrangements were made with G. W. Gazzam, commission merchant, to receive goods and deliver them to local merchants, against payment, and remit for a commission of 2½ per cent.

Welton's failure to even *mention* the Cincinnati hogs is a bit surprising in view of the pervading influence of hogs in America's porkopolis. In the year of his visit was published Mrs. Trollope's famous commentary on American manners in which she came pointedly to the problem of hogs in Cincinnati:

. . . I am sure I should have liked Cincinnati much better if people had not dealt so very largely in hogs. . . . I never saw a newspaper without remarking such advertisements as the following:

"Wanted immediately, 4000 fat hogs."

"For sale, 2000 barrels of prime pork."

But the annoyance came nearer than this; if I determined upon a walk up Main street, the chances were five hundred to one against my reaching the shady side without brushing by a snout fresh dripping. . . .

The prospects and enterprise of Cincinnati, however, impressed Mrs. Trollope as much as they did Welton. She wrote of "unity of purpose, backed by the spirit of enterprise" and observed: "I neither

¹⁸ *The Cincinnati Directory for the Year 1831* (Cincinnati, 1831), pp. 182 and 187.

saw a beggar nor a man of sufficient fortune to permit his ceasing his efforts to increase it. . . ." ¹⁹

Louisville was reached by boat from Cincinnati. Welton came with letters, from Robert (?) Brown of Cincinnati to G. W. Barclay and to Thos. Anderson & Company; both were commission men who were not handling buttons or brass. Through Anderson and Barclay, however, Welton made contact with sixteen wholesale houses dealing in buttons and brass. The orders he reported were mostly for buttons, with much less metal ordered by industrial users than had been the case in Cincinnati. Arrangements, similar to those with Gazzam at Cincinnati, were made with Barclay, the commission merchant, to receive goods for the Louisville customers.

Welton's comments on Louisville's wholesale trade anticipated the growth that was to follow a few years later. The year of his visit was an eventful one for the city's commerce. The February flood, which rose 46 feet above the low-water mark, caused only a temporary setback. In that year, after the flood, there was much new building, the erection of the new Louisville Hotel was started, and R. W. Otis published his *Louisville Directory*.²⁰ In this directory Otis listed over seventy merchants, five of whom were hardware merchants. The firm of P. & J. Chamberlain, which Welton mentioned, was advertised as selling both hardware and queensware. The directory designates Welton's various button customers as clothiers, tailors, and dry goods merchants, and there is one jeweler.

* * *

Possibly something of value may also have accrued from the trip as a result of Welton's specific comments about product requirements in the various western markets and particularly his suggestions as to minor changes in products that would make them more salable. One of the items he was pushing in these markets, in addition to buttons and brass, was whiplashes. The Scovill firm became involved in this line by reason of the metal ferrule which they manufactured. The lashes were, however, being offered only in five-foot lengths. Welton

¹⁹ Mrs. Frances M. Trollope, *Domestic Manners of the Americans* (New York, 1832), pp. 85, 55, and 54.

²⁰ Richard W. Otis, *Louisville Directory, 1832* (Louisville, 1832) has not been available to the writer, but the material drawn from it has been made available by courtesy of Mr. Richard Hill, Secretary of the Filson Club, Louisville, Kentucky.

pointed out that the farmers and small-scale teamsters used home-made lashes only one or two feet long; that the real cash market would be in lashes for use on the stagecoaches, but that these must be seven to twelve feet long. Welton had also been instructed to dispose of some cigars which the Scovill concern had acquired in barter. He did not let slip his opportunity to emphasize the difficulties of selling cigars in the vicinity of Louisville! He did, however, report on the channels through which cigars were marketed — by Louisville commission merchants, such as G. W. Barclay, who offered to take some on consignment and to sell them for a 5 per cent commission.

Welton described brass and button items that would sell but which Scovill was not then producing. He was somewhat ineffective in performing this important task, however, because he did not have a very clear notion of manufacturing problems. He pointed out that rolled brass could be sold in quantity if the sheets were made considerably wider than the ten-inch rolls Scovill was offering at that time. Lamson Scovill knew this. The problem was to roll the wider metal successfully, a process which was not accomplished at the Scovill plant until a number of years later. From Pittsburgh Welton wrote that the prices must be lower — a common salesman's refrain. He pointed out:²¹

This market requires a coat button of about 30 lines made stout and thick to come at 50¢ or 62½¢ per gross likewise a vest of about 20 and 21 lines at 50 or 55¢ per gross. They get an English button for these prices.

Another task assigned Welton was the examination of stone deposits near Marietta, Ohio, believed to be oxide of iron suitable for use in burnishing. Dr. Samuel P. Hildreth, the eminent physician and naturalist of that town, had earlier sent a sample to Professor Benjamin Silliman of Yale University, through whom Scovill learned about the deposit. Welton called on Hildreth, who offered his cooperation in locating more of the type of stone he had sent on.²²

²¹ Merit Welton to J. M. L. & W. H. Scovill, September 5, 1832.

²² This assistance rendered the firm by Hildreth was perhaps characteristic. His interest in local resources led also to his recording the presence of petroleum in association with salt springs; he published a good deal on local history. See *Dictionary of American Biography* (New York, 1946, 22 vols.), vol. ix, p. 21. Welton reported (Welton to J. M. L. & W. H. Scovill, August 30, 1832) that Hildreth would not take compensation for his assistance: "Dr. H. would take

He took his horse, and Welton hired a horse, and they rode some six miles up the shore of the Muskingham River; there they found the deposits, samples of which compared favorably with the burnishing stone Welton had brought along for comparison. The next day Welton returned with an old miner and packed some of the stone, which he shipped back to Waterbury. While it does not appear that the stone proved useful for burnishing, the effort Welton took to obtain it points up a problem that was acute at the factory — the strong position of the skilled burnishers who owned the better stones which they had brought with them from England and which they refused to sell.²³

* * *

The apparent reason that such sales trips were not continued as a regular routine, after the several experiments in the 1830's, was the piddling amount of the orders obtained. Welton's complaints and observations indicate some of the obstacles encountered by such a manufacturer's representative.

Before he had even got under way he was faced with the resistance of the established jobbers. Handy, of the Philadelphia firm of Handy, Symington & Bird, vowed that, if Scovill went directly to the country merchants in this way, he would withdraw his patronage and other jobbers on the Atlantic seaboard would do likewise. He further pointed out that the western merchants preferred buying in the East, that sales in western Pennsylvania and Ohio would require a year's credit,²⁴ and that there was no knowing the amount one might allow a western merchant. Handy was so vociferous that he persuaded Welton to wait over in Philadelphia long enough for him to send word to Scovill in an effort to have the entire venture dropped.

When Welton arrived in the western cities he often found that the partners responsible for purchasing had gone to the East. From Cincinnati he wrote that more than half the merchants had gone eastward to purchase. From Louisville he wrote that of sixteen wholesale merchants, thirteen had gone to the East. The others had

nothing but said he was glad if he could be of any advantage to you and if this was worth anything he wished to have American Man profited by it."

²³ See the writer's "Brass Button Making at the Scovill Enterprise, 1802-1852, Part IV, Assembly, Finish, and Packing," *Quarterly Bulletin of The National Button Society*, vol. v, no. 4 (October, 1946), pp. 261-262.

²⁴ Compare Atherton, *The Pioneer Merchant in Mid-America*, pp. 11 and 61.

partners who remained permanently on the Atlantic seaboard. Welton observed:

The merchants in general seem to have a preference to go East to buy buttons rather than order. These are some of their reasons that they do not know what is the fashion until they get there. They can often buy at auction and at low price, can make jobbers put them lower than we sell them there. Can bring them with other goods and no trouble and expense. . . .

Welton indicated the line of his reply to these men: ²⁵

I tell them they can tell by looking at a sample card much better what would suit by comparing the different qualities and sizes . . . and that they are in no danger of being deceived in quality as the price is decided by the quantity of gold . . . that no buttons go to auction from the manufacturers . . . unless a man breaks and his stock must be sold. . . .

In communities other than Louisville and Cincinnati there were few wholesalers. Welton even had this observation to make about Pittsburgh. His comment on Wheeling was that there were but four or five wholesale houses and that they did as much retail business as wholesale. He added that the retailers wished to buy one or two gross of a kind. From Marietta, Ohio, and Maysville and Lexington, Kentucky, he wrote of possible business, but it consisted mostly of small orders.²⁶ The merchants who did not go to the East bought in such small quantities that it was not worthwhile to make a separate shipment for them.

The manufacturers or artisans who used sheet brass also bought in such small quantities that Welton thought it best for them to continue to buy from the local hardware merchants. In Cincinnati there were a few manufacturing firms that used large quantities, but they needed metal of greater width than Scovill was rolling.

Welton had indicated at the outset that he understood he would sell only to wholesalers. But with so few wholesalers, most of whom

²⁵ Merit Welton to J. M. L. & W. H. Scovill, August 18, 1832.

²⁶ Welton does not indicate where the smaller merchants had been in the habit of purchasing. Unless they had been purchasing from the Cincinnati or Louisville wholesale houses one wonders where those firms sold their goods. Atherton indicates that during this period a change was getting under way with smaller merchants or retailers in the process of shifting their business from the seaboard houses to midwest wholesalers. See his *The Pioneer Merchant in Mid-America*, pp. 49 ff. and 76 ff.

were buying in the East, he could not make sales unless he sold in small lots to retailers. Lacking a clear directive as to discounts, however, he allowed at first 10 per cent for credit sales with an additional 5 per cent for cash, with most of his sales made for cash in accordance with firm instructions from Waterbury. One of the merchants persuaded Welton that a 10/5 discount was "no mercantile way of doing," and after that he took a straight 15 per cent discount which meant another fifty cents off each hundred dollars. There later came word from Scovill that only 5 per cent discount was to be allowed. In like manner there was confusion about freight charges, Welton in some cases agreeing to pay freight from Baltimore although generally he indicated Scovill would pay the freight to Baltimore and the customer from there westward. The confusion as to both freight and discount arose no doubt from the fact that large orders from wholesalers had been expected and small, scattered orders from retailers were what Welton sent home. The larger discount might have been allowable on really large orders, even payment or part payment of freight; Welton had been told to use his own judgment.

Cash payment was required except in unusual cases. Handy, in Philadelphia, had warned Welton that, since the western men would "hold each other up to be good whether they are or not," no reliance was to be placed upon the credit rating a man's neighbor gave him. The only instance of a buyer who sought three months' credit and was not recommended by his neighbors was in the case of a merchant in Pittsburgh newly arrived from the East. He wanted the goods at once and was somewhat offended when Welton asked for New York credit references, saying he wanted the goods immediately and, while his credit was excellent, the inquiry would cause a few days' delay. Welton wrote he had been tempted to extend credit, thinking that, since the merchant had been in business only two months, he probably would not fail within another three; but he refrained and passed the order up. On subsequent trips Welton extended credit more liberally and losses were incurred. One Connecticut man received goods on credit, sold out his business, sold the goods at auction and returned to Connecticut, leaving Welton some paces behind!

The mechanics of postal service, freight shipment, and cash remittance operated against direct sales by a manufacturer's representative. Welton thought he had erred in promising Pittsburgh cus-

tomers delivery in four to five weeks from date of order. At one time he suggested that six weeks must be allowed for freight shipment from Connecticut to Cincinnati or Louisville. Goods moved overland from Philadelphia or Baltimore about as quickly or cheaply from either city, he reported, then by boat down the river from Pittsburgh or Wheeling, provided that there wasn't a problem of low water or of the winter freeze. During the year of Welton's trip the Ohio Canal between Portsmouth and Cleveland was completed. When he first arrived in Pittsburgh he advised that very heavy shipments should go via New Orleans, and while this recommendation still held later he added that when the canal was completed to the Ohio River that would probably be the best route.²⁷

Once the goods had been received and delivered, in case they arrived prior to Welton's return, there was still the problem of remitting. From Pittsburgh he wrote that he had \$325 but the United States Bank would not draw on the East. Finally he found a broker who offered a sight draft at 1/2 per cent or a six-day draft at 1/4 per cent, and Welton purchased the latter. In December, on his return, Welton purchased from a broker in Cincinnati a draft on the house of S. & M. Allen.²⁸ Two years later, when Welton was again in that city, he wrote: "On Sat. I was informed by as good authority as any in this City that there was not a five dollar note that would pass East in the hands of all the Brokers in this large City. A general panic prevails." He added, with venom toward Jackson and his party, "The worst that I wish the Pres. & his colleagues is that they had to collect money here in the western States for a living, & I think after one week a change in policy would take place."²⁹

²⁷ Compare Atherton, *The Pioneer Merchant in Mid-America*, pp. 47 ff. and 66 ff. on overland routes from Baltimore and Philadelphia. Also Emory R. Johnson, T. W. Van Metre, G. G. Huebner, and D. S. Hanchett, *History of Domestic and Foreign Commerce of the United States* (Washington, D. C., 1915, 2 vols.), vol. i, pp. 212-216 and 227 ff. For 1818 the rate between Pittsburgh and Philadelphia is given as \$6.50 per hundredweight, and the Philadelphia to Wheeling rate tended to equal this, also the Baltimore to Wheeling rate. The downward trend is indicated by an 1843 rate of \$1.00 per hundredweight between Wheeling and Philadelphia.

²⁸ Compare Henrietta M. Larson, "S. & M. Allen, Lottery, Exchange, and Stock Brokerage," *Journal of Economic and Business History*, vol. iii (May, 1931), pp. 424-445.

²⁹ Merit Welton to J. M. L. & W. H. Scovill, February 10, 1834.

In order to attend to the business properly it would have been necessary for Welton to be at all the different places at once. In lieu of this he was obliged to arrange with local merchants to receive goods, collect funds, and make remittance as best they could. The fee for this service might be $2\frac{1}{2}$ per cent, these merchants guaranteeing the payment. The usual commission for *selling* was 5 per cent, with another $2\frac{1}{2}$ per cent when the risk was assumed. In consideration of the advantage gained against the slight cost Scovill established an agency in Pittsburgh a few years later and even sent some goods there on consignment. The bulk of western sales, however, continued for some years to pass through the regular sales agents and jobbers in Philadelphia and New York. To what extent these houses on the Atlantic seaboard sent out drummers is a matter of some interest that has not been ascertained. Atherton has noted reference to the trip taken in 1835 by the drummer for the New York hardware firm of Kissam & Company.³⁰ It was some years before these merchants established the practice as a regular routine. It is a trite, yet pertinent, observation that the time was not yet ripe for the manufacturer to undercut the agency and jobber distributive organization.

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³⁰ Atherton, "*Predecessors of the Commercial Drummer in the Old South*," p. 22.

Introducing College Freshmen to Business History

The University of Nebraska is introducing a freshman course in "The Evolution of Business and Capitalism" to replace a survey course in the economic history of England and the United States. The change in title will become effective in September, 1948, although the new content has been in use on an experimental basis for nearly a year. The stages in the development of the course may be of interest to other teachers in economic and business history.

The course gives three semester-hours' credit and is required of all freshmen who are candidates for a degree from the College of Business Administration. During the current year an increasing number of students from other colleges within the University also have enrolled.

For a number of years the course was a brief survey of the economic history of England and the United States with *The Development of Economic Society* by Modlin and De Vyver as the textbook. Very little other reading was required. The course was not successful. Returning veteran students especially were dissatisfied. The textbook has the limitation of any brief volume that would attempt to survey the economic development of England and the United States since the eleventh century. To many students the subject appeared to be related only remotely to their idea of more "practical courses" for a business career. Furthermore, the subject was partially covered in the general history courses required of all students.

During the summer of 1946 the teaching staff of the course and the chairman of the Department of Economics, Dr. Clarence E. McNeill, considered various revisions of the course content. They agreed that the best proposal for a three-hour freshman course was business history with emphasis upon the development of capitalism. The only book suitable as a text is *Business and Capitalism* by Professor N. S. B. Gras. The opinion of the staff at that time, however, was that this book was too advanced for most freshman students.

At least it was quite a departure from the textbook by Modlin and De Vyver. Nevertheless, the idea did appear worth some experimentation.

Consequently, in the first semester of 1946-47 there were added to the textbook readings in Modlin and De Vyver's textbook six assignments from Gras' *Business and Capitalism* and several lessons from H. U. Faulkner's *Economic History of the United States*. In the second semester these were retained, and several case studies from the *Casebook in American Business History* by N. S. B. Gras and Henrietta M. Larson were also assigned.

As the year progressed, the faculty appreciated that this was not a fair test of the volumes by Professors Gras and Larson. Furthermore, the combination of the several books proved unsatisfactory. It was evident, however, that the students were interested in the emphasis on capitalism and the development of the modern business man. The staff then agreed that the content of the course should be changed on an experimental basis to the history of business and capitalism.

Business and Capitalism by Professor Gras was selected as the basic textbook. Selected cases from the *Casebook in American Business History* were assigned as library readings. I wrote a "Workbook in the Evolution of Capitalism" as an introduction and guide for the freshmen to these books that appeared otherwise too mature. A description of the workbook will give the main features of the course as it has been offered since June, 1947.

There are thirty units, averaging two units for each three one-hour class meeting. For the most part, the titles are taken from *Business and Capitalism*, together with selected case studies. The general contents of the workbook and the reading assignments are as follows:

PART ONE. PETTY CAPITALISM:

The Origin of Private Business

- I. Introduction. (*Business and Capitalism*, vii-xiii, 1-3, 27-29; *Casebook*, 3-4.)
- II. Pre-Business Capitalism. (B. and C., 1-26.)
- III. Petty Capitalism: I. (B. and C., 30-50.)
- IV. Petty Capitalism: II. (B. and C., 51-66; *Casebook*, 4-5.)

PART TWO. MERCANTILE CAPITALISM:

Birth of Control in Private Business

- V. The Sedentary Merchant. (B. and C., 67-85; *Casebook*, 5-7.)
- VI. Factors of Mercantile Capitalism. (B. and C., 85-92, 151-157.)
- VII. Industry and Trading. (B. and C., 92-119.)
- VIII. Case Study: Sir Thomas Smythe and the Virginia Company. (*Casebook*, 29-44.)
- IX. Case Study: John Jacob Astor. (*Casebook*, 76-97.)

PART THREE. MERCANTILE CAPITALISM:

Maturity with a Tendency to Disintegrate

- X. Merchants' Policies and Organizations. (B. and C., 120-132.)
- XI. Case Study: Mercantilism. (*Casebook*, 98-99, 102-115.)
- XII. Variations from the Merchant Capitalist Type. (B. and C., 132-151.)
- XIII. Appraisal of Mercantile Capitalism. (B. and C., 157-174.)

PART FOUR. INDUSTRIAL CAPITALISM:

The Triumph of Firm Specialization in Big Business

- XIV. Rise of Industrial Capitalism. (B. and C., 175-195; *Casebook*, 8-10.)
- XV. Early Industrial Development: Case Study of Samuel Slater. (*Casebook*, 209-230.)
- XVI. Marketing; Business Agents. (B. and C., 195-214.)
- XVII. Case Study: The Development of Internal Markets; Metropolitan Economy. (*Casebook*, 385-403.)
- XVIII. Case Study: The Second Bank of the United States. (*Casebook*, 171-183.)
- XIX. Secular Trends in Prices and Profits. (B. and C., 215-218; *Casebook*, 662-663, 706-725.)
- XX. Investment Capital under Early Industrial Capitalism. (B. and C., 218-223; *Casebook*, 296-323, on Jay Cooke & Company.)
- XXI. Railroad Management: Case Study on James J. Hill. (*Casebook*, 403-418.)
- XXII. Appraisal of Industrial Capitalism. (B. and C., 224-246.)

PART FIVE. FINANCIAL CAPITALISM:

The Money Middleman Influences or Controls Business

- XXIII. Financial Capitalists; Flow of Capital. (B. and C., 246-266; *Casebook*, 10-12.)
- XXIV. Some Activities of Financial Capitalists. (B. and C., 266-297.)
- XXV. Secular Trends and Financial Capitalism. (B. and C., 297-304.)
- XXVI. Strength and Weakness of Financial Capitalism. (B. and C., 305-324.)

PART SIX. NATIONAL CAPITALISM:

Political instead of Financial Control of Private Capital

- XXVII. The Nature of National Capitalism. (B. and C., 323-338; *Casebook*, 12-15.)
- XXVIII. Fascism; Naziism; The American New Deal. (B. and C., 339-358; *Casebook*, 13-14.)
- XXIX. Appraisal of National Capitalism. (B. and C., 359-368; *Casebook*, 14-15.)
- XXX. General Review; the Philosophy of Capitalism. (B. and C. 368-372.)

The present workbook is multilithed on loose-leaf sheets and punched for an 8½ x 11-inch notebook. The questions are numbered serially for each unit and are printed in a column on the left-hand side of the page. They are adequately spaced so that the student may write the answers to the right of the questions. Also, the questions are listed under several main topics which represent a skeleton outline of the lesson.

The purpose of printing the questions in a column is to encourage a quick review by the student before class as well as before regular examinations. It is suggested to the student that he cover his answers with a blank piece of paper, set a time limit, and write only brief phrases as answers to the questions. The reason for this suggestion is two-fold. Writing within a time limit helps to duplicate the atmosphere of a classroom quiz where a student must write rapidly, often under a feeling of pressure. This is a real problem to some students during their first semester in a university. Also, if a student writes only brief phrases for the answers, he can answer all the questions in the assignment within a few minutes. When the student has completed this practice test, he should check the questions which need further review. Later he should take time to quiz himself on those questions which he missed in his first practice test. Most students have found this form of review quite helpful. In reply to a recent questionnaire almost every student stated that he was following this method.

In the same questionnaire, four out of every five students indicated that they used the questions as a guide to their reading of the textbook *Business and Capitalism* and the cases assigned from the *Case-*

book in American Business History. To an instructor this might not seem very desirable because most students will be tempted to read only for the purpose of answering assigned questions. The instructor can handle this problem in the classroom by introducing other points for discussion.

There is another method of using the workbook. The student is urged to read the assignment at one sitting without taking notes, then to write the answers in the workbook without reference to the textbook. The next step is to compare these answers with the textbook and make the necessary changes. He is then prepared to review as described above. As one might expect, this procedure is not popular. It takes longer to prepare a lesson. In answer to the questionnaire only one out of every four students reported using the workbook questions in this fashion. Nevertheless, it is highly recommended by the teaching staff.

An illustration of the questions and outline is given below. The spacing used for the answers is omitted. The questions in most units vary from ten to twenty, depending upon the nature of the material.

UNIT V. THE SEDENTARY MERCHANT

Gras, *Business and Capitalism*, 67-85.

Gras and Larson, *Casebook*, 5-7.

A. Birth of Control in Private Business.

1. How did the sedentary merchant differ from the traveling merchant?
2. Name the two general types of sedentary merchants.
3. What is the difference between the retail handicraft and the wholesale handicraft systems?
4. What was the significance of the sedentary merchant's purchasing from the wholesale handicraftsman?
5. How did the handicraftsmen oppose the growing control of sedentary merchants?

B. Policy and Management of the Sedentary Merchant.

6. List and describe the commercial functions of the sedentary merchant.
7. What kind of management problems did the sedentary merchant face in procuring desired goods to sell?

C. Partnership Flourishes.

8. List the three kinds of partnership used by sedentary merchants.
9. Show how terminal partnerships were quite flexible.

The loose-leaf feature of the workbook is popular with both the students and the teachers. Each unit is to be completed at the beginning of the class period for which it is assigned. Without further announcement the instructor may call for the assigned unit. As a matter of practice, from one-third to one-half of the units are taken up and graded. Occasionally a short quiz is substituted. These grades are averaged and recorded as the grade for the entire workbook. This system of spot-checking proves quite satisfactory; among other things, it is adequate to induce students to read their lesson carefully before class.

The workbook also serves another purpose for the teacher. At the beginning of the discussion period the instructor may ask the students to state the questions they would prefer to have discussed. There are always a number of students who respond immediately. Even the shy student soon learns to speak up; he sees that it is to his advantage.

The first criterion used in selecting the case studies was that it should supplement the textbook, *Business and Capitalism*, on some point that appeared to need elaboration. Secondly, each case study was reviewed from the standpoint of the freshman student and his limited background. Finally, the author of the workbook wrote both questions and answers for the several case studies to ascertain their adaptability. The number of case studies selected was limited to nine so that the total number of units in the course would not exceed thirty.

During the past semester the students voted on their reaction to the case studies. The least popular were shown to be the Sir Thomas Smythe and mercantilism cases. All other case studies included in the workbook were preferred by three times as many students. Of course, the student preference should be discounted somewhat. It was found that nearly every student also voted to add more background material in the course in United States history. The events of the past century and a half appear more worthwhile to most students. The four most popular case studies are those on John Jacob Astor, Samuel Slater, Jay Cooke, and James J. Hill.

Meanwhile, the instructors have used one other feature, namely, a book review written in class without any notes. The purpose is to have the student read one brief book on current economics. It is

desirable to relate the book report to the last few class assignments, although this has been very difficult to do. The students by a vote of three to one prefer that the book review be retained, however. The list of books used at present is:

- C. E. Ayres, *The Divine Right of Capital*
- Stuart Chase, *The Road We are Traveling, 1914-42*
- Stuart Chase, *Goals for America*
- Stuart Chase, *Where's the Money Coming From?*
- Stuart Chase, *Tomorrow's Trade*
- Stuart Chase, *For This We Fought*
- Henry Hazlitt, *Economics in One Lesson*
- Sidney Hook, *The Meaning of Marx*
- Eric Johnston, *America Unlimited*
- David Lilienthal, *Democracy on the March*
- Peter Drucker, *The Concept of the Corporation*
- J. M. Clark, *The Alternative to Serfdom*

As a result of this experiment the required course in freshman economics for business administration students has been changed from economic history to business history. Dr. Kennedy is now revising the workbook on the basis of this experience. It will be rewritten as a syllabus together with loose-leaf sheets for assignments. The references in *Business and Capitalism* and in the *Casebook* will be approximately the same. The questions will be rewritten and grouped under the main points of the outline, all on one page. The students will have loose-leaf sheets on which they will be instructed to elaborate the printed outline by answering the questions in a brief outline form. It is expected that this procedure will retain the usefulness of the loose-leaf workbook in use at present. At the same time, instead of merely answering questions, the student will be encouraged to make an outline suitable for review purposes. In addition to the questions in the revised syllabus calling for brief factual answers, each unit will have several broad questions for oral discussion in class. Two units of this revision were used by the students this spring. They voted that the change was a good improvement. Copies of the new syllabus will be available in May, 1948.

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History of the Humble Oil & Refining Company

The Business History Foundation has now completed its staff for the writing of the history of the Standard Oil Company (N. J.) and the Humble Oil & Refining Company. For the latter Dr. K. W. Porter has been called from the teaching of American history to spend the next three years in research and writing. He has the able assistance of Mr. Robert E. Ferris, a graduate of the Harvard School of Business.

Dr. Porter wrote the definitive two-volume work, *John Jacob Astor*, the first publication to appear in the Harvard Studies in Business History. Later he compiled two volumes of letters and other documents of Boston merchants, entitled *The Jacksons and the Lees*. His general introduction to these volumes and the special introductions to individual documents are notable pieces of historical research. Dr. Porter has also contributed a number of poems to magazines and has recently published a volume of his poetry. He has also just finished a manuscript on the history of the Seminole Indians.

In the history of the West and the Southwest Dr. Porter is quite at home. He has therefore an excellent general background for a study of the history of the Humble Oil & Refining Company, which has been an integral part of the history of the region since its formation in 1917. This company has been a leader in the exploration for crude oil, in refining, in pipe-line construction and operation, and not least in the purchase of crude oil in its home district. Doubtless an important phase of Dr. Porter's work will be to show the company's great contributions to the winning of the second World War.

To Dr. Porter and Mr. Ferris go the best wishes of their many friends at Harvard.